

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: April 17, 2007

Bill Number: S.B. 355 (As last amended 04/11/07)

Author: Grooms, Richardson, Verdin, Campsen and Vaughn

Committee Requesting Impact: House W&M

Bill Summary: A bill to amend Section [1-30-105](#) of the Code of Laws of South Carolina, 1976, relating to the Department of Transportation (DOT), so as to provide that the commission is abolished and the governing authority of the DOT is a board as provided by law; to amend Section [1-3-240](#), relating to the removal of certain officials from office, so as to provide that a DOT board member may be removed by the Governor for malfeasance, misfeasance, incompetency, absenteeism, conflicts of interest, misconduct, persistent neglect of duty in office, or incapacity; to amend Chapter 1, Title 57, relating to the DOT, so as to reconstitute the commission as a board, to provide that the board shall be composed of seven members appointed by the Governor, screened by the Joint Transportation Review Committee, and subject to the advice and consent of the Senate, to establish the length of terms that board members may serve, and define the powers and duties of the board, to provide that the board employs an executive director who serves at the pleasure of the board, and to provide that the board employs a chief highway engineer who may be removed by the board for malfeasance, misfeasance, incompetency, absenteeism, conflicts of interest, misconduct, persistent neglect of duty in office, or incapacity and who, in conjunction with the board, must create the Statewide Transportation Improvement Program (STIP); and by adding Article 7 to Chapter 1 of Title 57, so as to create the Joint Transportation Review Committee and to provide for the manner in which DOT Board members are screened, **as further amended**.

REVENUE IMPACT ^{1/}

This bill, as amended, would raise funds earmarked to the State Highway Account within the DOT by \$20 million and also to the SIB by \$20 million in FY 2007-08. The bill would also reduce state General Fund revenue for the Individual Income Tax by \$36,619,114 and for Corporation Income Tax by \$3,380,886 in FY 2007-08, based on prorated estimates of the BEA. In fiscal years 2008-09 through 2011-12, reductions to income tax revenues within the General Fund would be increased by an additional \$40 million annually until a \$200 million total cap for reductions to the General Fund is reached in FY 2011-12 and thereafter.

Explanation: Section 5 provides under §11-11-150(H) that a portion of State Individual and Corporate Income Tax revenues, as estimated by the S. C. Board of Economic Advisors (BEA) for a fiscal year, must be credited to the DOT as follows: for FY 2007-08 \$40 million; for FY 2008-09 \$80 million; for FY 2009-10 \$120 million; for FY 2010-11 \$160 million; and for FY 2011-12 and thereafter \$200 million. Of these amounts, Section 21 further provides under §57-11-410 in subparagraph (1) that beginning in FY 2007-08, the DOT must allot \$20 million to the State Highway Account of the S. C. Transportation Infrastructure Bank (SIB), and then by an incremental increase of that amount each year until a contribution level of \$100 million is set for FY 2011-12 and thereafter. Under subparagraph (2) of this section, beginning in FY 2007-08 DOT must allot the balance of \$20 million to the State Non-Federal Aid Highway Fund of the DOT for road construction (prorated at \$5 million) and maintenance (prorated at \$15 million), and by an incremental increase of that amount each year until a contribution level of \$100 million is set for FY 2011-12 and thereafter.

/s/ William C. Gillespie

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^{1/} This statement meets revenue impact requirements of Section 2-7-71 for a state impact by BEA, Section 2-7-76 for a local impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by Office of Economic Research (OER).